

AMENDED IN SENATE JUNE 16, 2014

AMENDED IN SENATE MAY 23, 2014

AMENDED IN ASSEMBLY MARCH 27, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2472**

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**Introduced by Committee on Public Employees, Retirement and Social Security (Bonta (Chair), Rendon, Ridley-Thomas, and Wieckowski)**

February 21, 2014

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An act to amend Sections ~~20096~~, 20340, 20533, 21074, 21075, 21453, 21499, 75070, 75079, 75552, and 75570 of, to add Section 75580.5 to, and to repeal Sections 20237 and 22849 of, the Government Code, relating to public employee benefits.

LEGISLATIVE COUNSEL'S DIGEST

AB 2472, as amended, Committee on Public Employees, Retirement and Social Security. Public employees: retirement and health benefits.

(1) The Public Employees' Retirement Law (PERL) creates the Public Employees' Retirement System (PERS), which provides a defined benefit to its members based on age at retirement, service credit, and final compensation. Existing law vests the management and control of the PERS in the Board of Administration of the PERS. Existing law ~~provides that the membership of the board includes 6 members elected under the supervision of the board. Existing law requires the board to distribute ballots to each member of the retirement system in advance of each election, the results of which are required to be certified by the Secretary of State.~~

~~This bill would instead require the Executive Officer of PERS to certify the results of the election.~~

~~(2) Existing law~~ requires the board, in addition to any other reports it is required to make, to annually file a separate report with the Governor and the Legislature on all matters under its jurisdiction.

This bill would repeal that requirement and make other conforming changes.

~~(3) Existing law~~

(2) *PERL* specifies that a person ceases to be a member of PERS if the person has less than 5 years of service credit and no accumulated contributions in the retirement fund at the time of termination of service, as specified.

This bill would provide that a member who is subject to specified provisions also ceases to be a member of PERS if the person has less than 10 years of service credit and no accumulated contributions in the retirement fund at the time of termination of service, and would make related conforming changes.

~~(4) Existing~~

(3) *PERL prescribes different benefit formulas referred to as First Tier and Second Tier. Existing law provides that a state member who is subject to specified provisions elected a calculation of a service retirement allowance based upon a specified computation of First Tier and Second Tier service shall be retired for service upon written application to the board if he or she has attained 50 years of age and is credited with 5 years of state service.*

This bill would ~~provide specify~~ that *this provision applies to a state member who is subject to other specified provisions shall be retired for service upon written application to the board if he or she has attained 52 years of age and is credited with 5 years of state service member, as described above, who is subject to a certain benefit formula available to Second Tier members who became members of the system before January 1, 2013.*

~~(5) Existing law~~

(4) *PERL* provides that if a correction of the amount of compensation received by a member that is reported to the system requires additional employer contributions to be paid to the system, the contributions shall be computed using the employer rate in effect at the time of the adjustment.

This bill would instead provide that the employer contribution shall be computed using the employer contribution rate in effect at the time that the compensation requiring adjustment was earned.

~~(6) Existing law~~

(5) *PERL* requires that an election, revocation, or change of retirement benefits be made prior to the making of the first payment on account of any retirement allowance, or any retirement allowance following a change in retirement status.

This bill would allow an election, revocation, or change of election to be made within 30 calendar days after the making of the first payment.

~~(7) Existing law~~

(6) *PERL* requires the board to conduct a study to examine the feasibility and cost-effectiveness of creating a single statewide health care pool that would cover all public school employees.

This bill would repeal that requirement.

~~(8)~~

(7) Existing law establishes the Judges' Retirement System II which provides retirement benefits to elected judges. Existing law authorizes a judge to elect, revoke, or change a previous election of benefits in a writing filed with the system prior to the making of the first payment on account of the retirement allowance.

This bill would require those authorized elections, revocations, and changes to be made within 30 calendar days after the making of the first payment.

~~(9)~~

(8) Existing law provides that if a retired judge becomes entitled to any salary for assignment to a court by the Chairperson of the Judicial Council after retirement for disability, the retirement allowance otherwise payable pursuant to the Judges' Retirement System II Law shall, during the time he or she is entitled to receive that salary or other compensation, be reduced by the amount of that salary or compensation.

This bill would require, except as provided, a person who is retired for service or disability under the system to reinstate from retirement and again become a member of the system if he or she is appointed or elected to serve as a judge.

~~(10)~~

(9) The bill would make other conforming, and technical, nonsubstantive changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. Section 20096 of the Government Code is~~  
2     ~~amended to read:~~

3     ~~20096. The board shall cause ballots to be distributed to each~~  
4     ~~eligible active and retired member of the retirement system in~~  
5     ~~advance of each election, and shall provide for the return of the~~  
6     ~~voted ballots to the board without cost to the member, and shall~~  
7     ~~develop election procedures. The results shall be certified by the~~  
8     ~~executive officer of the retirement system. The board may require~~  
9     ~~all persons who perform election duties to certify, under penalty~~  
10    ~~of perjury, that they properly performed those duties.~~

11    ~~SEC. 2.~~

12    ~~SECTION 1. Section 20237 of the Government Code is~~  
13    ~~repealed.~~

14    ~~SEC. 3.~~

15    ~~SEC. 2. Section 20340 of the Government Code is amended~~  
16    ~~to read:~~

17    ~~20340. A person ceases to be a member:~~

18    ~~(a) Upon retirement, except while participating in reduced~~  
19    ~~worktime for partial service retirement.~~

20    ~~(b) If he or she is paid his or her normal contributions, unless~~  
21    ~~payment of contributions is the result of an election pursuant to~~  
22    ~~paragraph (1) of subdivision (b) of Section 21070, or unless, after~~  
23    ~~reducing the member's credited service by the service applicable~~  
24    ~~to the contributions being withdrawn, the member meets the~~  
25    ~~requirements of Section 21075 or if he or she is paid a portion of~~  
26    ~~his or her normal contributions where more than one payment is~~  
27    ~~made, or these contributions are held pursuant to Section 21500.~~  
28    ~~For the purposes of this subdivision, deposit in the United States~~  
29    ~~mail of a warrant drawn in favor of a member, addressed to the~~  
30    ~~latest address of the member on file in the office of this system,~~  
31    ~~electronic fund transfer to the person's bank, savings and loan~~  
32    ~~association, or credit union account, constitutes payment to the~~  
33    ~~person of the amount for which the warrant is drawn or~~  
34    ~~electronically transferred.~~

35    ~~(c) If the member has less than five years of service credit, or~~  
36    ~~less than 10 years of service credit if the member is subject to~~  
37    ~~Section 21076 or 21076.5, and no accumulated contributions in~~  
38    ~~the retirement fund at the time of termination of service, unless~~

1 the member establishes membership in the Judges' Retirement  
2 System, the Judges' Retirement System II, the Legislators'  
3 Retirement System, the State Teachers' Retirement System, or the  
4 University of California Retirement Plan, or establishes reciprocity  
5 with a reciprocal retirement system.

6 ~~SEC. 4.~~

7 *SEC. 3.* Section 20533 of the Government Code is amended  
8 to read:

9 20533. The employer contribution rate adopted under this part,  
10 or because of amendments to the contract or to this part, apply to  
11 all compensation upon the basis of which member's contributions  
12 are deducted after those employer contribution rates became or  
13 become effective.

14 If correction of the amount of compensation reported is required,  
15 the employer contributions shall be computed using the employer  
16 contribution rate in effect at the time that the compensation  
17 requiring adjustment was earned.

18 ~~SEC. 5.~~

19 *SEC. 4.* Section 21074 of the Government Code is amended  
20 to read:

21 21074. (a) A state member who became subject to the Second  
22 Tier shall be retired for service upon his or her written application  
23 to the board if he or she has attained age 55 and is credited with  
24 10 years of state service.

25 (b) A state member who elected coverage under Section 21077,  
26 shall be retired for service upon his or her written application to  
27 the board if he or she has attained 50 years of age if subject to  
28 ~~Section 21076, or 52 years of age if subject to Section 21076.5,~~  
29 21076 and is credited with five years of state service. No benefit  
30 shall be payable for service rendered under the Second Tier  
31 retirement formula unless the member has rendered 10 years of  
32 state service except as provided in subdivision (c).

33 (c) Notwithstanding subdivision (a) or (b), a state member in  
34 the Second Tier who is credited with five years of state service  
35 prior to January 1, 1985, may retire with less than 10 years of state  
36 service upon his or her written application to the board if he or she  
37 has attained age 50.

38 ~~SEC. 6.~~

39 *SEC. 5.* Section 21075 of the Government Code is amended  
40 to read:

1     21075. Notwithstanding Section 20340, a person who is subject  
2 to Section 21076, 21076.5, or Section 21077 ceases to be a member  
3 if he or she has less than 10 years of service credit and no  
4 accumulated contributions in the retirement fund at the time of  
5 termination of service, except a member who had five years of  
6 credited service prior to January 1, 1985.

7     ~~SEC. 7.~~

8     SEC. 6. Section 21453 of the Government Code is amended  
9 to read:

10    21453. An election, revocation, or change of election shall be  
11 made within 30 calendar days after the making of the first payment  
12 on account of any retirement allowance or, in the event of a change  
13 of retirement status after retirement, within 30 calendar days after  
14 the making of the first payment on account of any retirement  
15 allowance following the change in retirement status. "Change in  
16 retirement status" includes, but is not limited to, change from  
17 service to disability retirement, from disability retirement to service  
18 retirement, from nonindustrial disability retirement to industrial  
19 disability retirement, or from industrial to nonindustrial disability  
20 retirement.

21    For purposes of this section, payment shall be deemed to have  
22 been made on the date a warrant is mailed, or the date funds are  
23 electronically transferred to a bank, savings and loan association,  
24 or credit union account for deposit in the member's account.

25    This section shall not be construed to authorize a member to  
26 change his or her retirement status after the election, revocation,  
27 or change of election provided in this section.

28     ~~SEC. 8.~~

29    SEC. 7. Section 21499 of the Government Code is amended  
30 to read:

31    21499. (a) Notwithstanding Section 21498, when either an  
32 initial payment of a preretirement or postretirement death allowance  
33 or a preretirement or postretirement lump-sum benefit is payable  
34 in an amount of ten dollars (\$10) or more, it shall be authorized  
35 to the Controller within 45 days of receipt by this system of all the  
36 necessary information, including the return of warrants issued or  
37 any overpayment outstanding after the date of the death of the  
38 annuitant.

39    (b) If any payment is not made within that time limitation, the  
40 payment shall also include interest at the greater of the interest

1 crediting rate specified in Section 20178 or the net earnings rate  
2 (including capital gains and losses) in effect at the time the payment  
3 is made, for time following the expiration of that time limitation.

4 ~~SEC. 9.~~

5 ~~SEC. 8.~~ Section 22849 of the Government Code is repealed.

6 ~~SEC. 10.~~

7 ~~SEC. 9.~~ Section 75070 of the Government Code is amended  
8 to read:

9 75070. In lieu of the retirement allowance for his *or her* life  
10 alone, a judge may elect, or revoke or change a previous election  
11 prior to the approval of the previous election, to have the actuarial  
12 equivalent of his retirement allowance as of the date of retirement  
13 applied to a lesser retirement allowance, in accordance with one  
14 of the optional settlements specified in Section 75071.

15 That election, revocation, or change of election shall be made  
16 by a writing filed with the Judges' Retirement System within 30  
17 calendar days after the making of the first payment on account of  
18 any retirement allowance.

19 ~~SEC. 11.~~

20 ~~SEC. 10.~~ Section 75079 of the Government Code is amended  
21 to read:

22 75079. (a) When a judge elects and becomes entitled to receive  
23 the benefits accorded by this article, he or she does not have the  
24 right to select an optional settlement under the provisions of Article  
25 3.5 (commencing with Section 75070) of this chapter.

26 (b) When a judge becomes entitled on and after January 1, 1987,  
27 to receive the benefits accorded by this article, the judge may  
28 instead elect an actuarially reduced retirement allowance payable  
29 for life and if the judge dies before he or she receives the amount  
30 of his or her accumulated contributions at retirement, the remaining  
31 unpaid amount of his or her accumulated contributions shall be  
32 paid to his or her designated beneficiary, if he or she has so  
33 designated, and if none, to his or her estate.

34 The election shall be made in writing and filed with the Judges'  
35 Retirement System within 30 calendar days after the making of  
36 the first payment on account of any retirement allowance.

37 (c) The surviving spouse of a judge who qualifies, as prescribed  
38 in Section 75075, to receive the benefits accorded by Section 75076  
39 but who elected to receive the actuarially reduced retirement  
40 allowance as provided in subdivision (b) and who dies during

1 retirement shall receive, until death, an allowance equal to one-half  
2 of the retirement allowance that would have been payable to the  
3 judge if he or she were living and had elected to receive the benefits  
4 accorded by Section 75076.

5 ~~SEC. 12.~~

6 *SEC. 11.* Section 75552 of the Government Code is amended  
7 to read:

8 75552. (a) After payment of a portion of the member's  
9 contributions to a nonmember pursuant to subdivision (b) of  
10 Section 75551, the member may redeposit the full amount in the  
11 fund at any time before he or she retires or otherwise leaves judicial  
12 office. The redeposit shall include interest at the rate of interest  
13 then being required to be paid by members of the Public  
14 Employees' Retirement System under Section 20750 from the date  
15 of payment to the date of redeposit. A partial redeposit shall not  
16 be accepted.

17 (b) After payment of a portion of the member's monetary credits  
18 to a nonmember pursuant to subdivision (c) of Section 75551, the  
19 member may redeposit the full amount in the fund at any time  
20 before he or she retires or otherwise leaves judicial office. The  
21 redeposit shall include interest at the greater of: (1) the rate of  
22 interest then being required to be paid by members of the Public  
23 Employees' Retirement System under Section 20750 from the date  
24 of payment to the date of redeposit; or (2) the compounded amounts  
25 that would have been credited to the member's monetary account  
26 pursuant to subdivision (b) of Section 75520 had the payment not  
27 been made to the nonmember. A partial redeposit shall not be  
28 accepted.

29 ~~SEC. 13.~~

30 *SEC. 12.* Section 75570 of the Government Code is amended  
31 to read:

32 75570. (a) In lieu of the retirement allowance under  
33 subdivision (d) of Section 75522 for his or her life alone, a judge  
34 who elects to retire with a monthly allowance under subdivision  
35 (d) of Section 75522 may elect, or revoke or change a previous  
36 election prior to the approval of the previous election, to have the  
37 actuarial equivalent of his or her retirement allowance as of the  
38 date of retirement applied to a lesser retirement allowance, in  
39 accordance with one of the optional settlements specified in Section  
40 75571.



1 (b) That election, revocation, or change of election shall be  
2 made by a writing filed with the system within 30 calendar days  
3 after the making of the first payment on account of any retirement  
4 allowance.

5 ~~SEC. 14.~~

6 *SEC. 13.* Section 75580.5 is added to the Government Code,  
7 to read:

8 75580.5. (a) Except as provided in subdivision (b), if a person  
9 who is retired for service or disability under this system is  
10 appointed or elected to serve as a judge, he or she shall reinstate  
11 from retirement and again become a member of the system pursuant  
12 to this chapter.

13 (b) This section shall not apply to a retired judge who is assigned  
14 to serve in a court pursuant to Section 68543.5, and he or she shall  
15 not earn service credit or be entitled to retirement benefits under  
16 this part for that service.